

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the Matter of:

Benefit Management Administrators, Inc.
6307 84th St. SE
Caledonia, MI 49316
Respondent

Enforcement Case No.: 09-7477

Issued and entered
On September 25, 2009
by Stephen R. Hilker
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation (OFIR) of the Michigan Department of Labor & Economic Growth, pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 *et seq*; the Michigan Insurance Code, 1956 PA 218, as amended; MCL 500.100 *et seq*. (Code), and the rules promulgated under the Code, says that:

**I
BACKGROUND**

1. At all times pertinent to the matter herein, Benefit Management Administrators was a licensed Insurance Agency (Respondent) with a registered office address located at 6307 84th St. SE, Caledonia, MI 49316.
2. At all times pertinent to the matter herein, Respondent had a mailing address of 6307 84th St. SE, Caledonia, MI 49316.
3. At all times pertinent to the matter herein, Respondent was not licensed by OFIR as an insurance company to conduct the business of insurance in the State of Michigan.
4. OFIR received information which indicates that Respondent is conducting transactions of insurance for which a certificate of authority is required by the Commissioner, without having obtained a certificate of authority. Specifically, Respondent has solicited and sold life and health insurance in the State of Michigan to citizens of the State of Michigan for which there is no underlying insurance. Additionally, Respondent is conducting business

as the insurer for these health and life products it has sold, unbeknownst to the insured, and without the requisite certification/licensure as an insurer required by Michigan law.

II CONCLUSIONS OF LAW

WHEREAS, Section 251 of the Code, MCL 500.251, states that in the reasonable exercise of discretion, the Commissioner may issue a cease and desist order if the Commissioner finds any of the following:

- (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
- (b) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the Commissioner is required by this act and the person has not received authority or given notification; and

WHEREAS, the Commissioner finds that a person must be licensed under Section 402 of the Code, MCL 500.402, in order to conduct business as an insurer in the State of Michigan; and

WHEREAS, the records of OFIR disclose that Respondent is not licensed under Section 402 of the Code as an insurer to conduct business as an insurer in the State of Michigan; and

WHEREAS, the Commissioner finds that Respondent is violating Section 4503 of the Code, MCL 500.4503, by committing fraudulent insurance acts; and

WHEREAS, based on the foregoing, the Commissioner finds that Respondent is engaged in acts and practices that violate the Code; and

WHEREAS, the Commissioner finds this action necessary and appropriate in the public interest for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the Code.

IT IS FURTHER ORDERED, pursuant to Section 251 of the Code, that Respondent shall immediately **CEASE AND DESIST** from violating Sections 402. of the Code by conducting business as an unlicensed insurer in the State of Michigan and shall **CEASE AND DESIST** from marketing and/or selling life and health insurance products in the State of Michigan until Respondent demonstrates to the satisfaction of the Commissioner that the products are insured by a licensed insurer.

IT IS FURTHER ORDERED, pursuant to Section 251 of the Code, that Respondent shall immediately **CEASE AND DESIST** from violating Section 4503 of the Code by committing fraudulent insurance acts.

A person who violates or otherwise fails to comply with a cease and desist order is subject to a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate civil fine of \$30,000.00. However, if the person knew or reasonably should have known the person was in violation of the order, payment of a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00. The Commissioner may also recover reasonable attorney fees if judicial action is necessary for enforcement of a cease and desist order under this section.

A person who is the subject of a cease and desist order may contest the order by requesting a hearing before the Commissioner not later than 30 days after the order is delivered or mailed to the person. Within 10 days after receiving the request, the Commissioner shall commence a hearing in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969. Pending the hearing, the cease and desist order continues in full force and effect unless the order is stayed by the Commissioner. Any request for a hearing should be addressed to: the Office of Financial and Insurance Regulation, attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF ENERGY,
LABOR AND ECONOMIC GROWTH

By: Stephen R. Hilker
Stephen R. Hilker,
Chief Deputy Commissioner
Office of Financial and Insurance Regulation